



# **Kansas Reform of Targeted Case Management**

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# Summary of Kansas TCM

- KHPA made a commitment to CMS to revise TCM practices as part of a larger payment reform/deferral avoidance agreement
- When the Deficit Reduction Act clarified the definition of TCM services, the KHPA began internal discussion about how to comply
- KHPA negotiated with CMS to submit a revised TCM SPA to bring those services into substantial compliance with the DRA *in advance* of the final regulation
- TCM reforms implemented in July 2007



# TCM in Kansas Before July 2007

- KS Medicaid paid for 8 types of targeted and HCBS waiver case management delivered by a variety of largely specialized, private providers
- Some beneficiaries were receiving case management from more than one provider
- KS reimbursed case management providers at multiple rates, for various units of service
- Units ranged from 15 minutes to monthly units of service
- TCM definitions varied and some exceeded the new DRA definition
- TCM services associated with MR/DD services were already under CMS scrutiny when Deficit Reduction Act (DRA) passed



# Increased CMS Scrutiny in Kansas

- High volume of CMS financial management reviews (FMRs) and OIG audits
- Focus of the reviews in three areas:
  - 1) Local Education Agencies (LEAs)
  - 2) Mental Health/Child Welfare
  - 3) Targeted Case Management (TCM)
- Scrutinized payments for accuracy, consistency and documentation



# Issues Identified by OIG and CMS

- Inaccurate targeted case management payment methods
- Lack of adherence to the Medicaid State Plan
- Lack of adherence to existing and forthcoming federal regulations



# CMS Focus on TCM

- On how rates are set for non-institutional services
  - 1) No bundling
  - 2) Severely limits non-productive activities; e.g. “windshield time”
- On medical necessity for TCM services



# Agreement with CMS

- Must resolve all outstanding administrative and payment issues identified by Centers for Medicare and Medicaid Services (CMS) and the Office of the Inspector General (OIG)
- TCM reforms to require compliance with DRA in advance of CMS regulation
- Release of liability dependent on implementation of reforms July 2007, bringing into full compliance



# Required Changes

- To reach Federal compliance with the DRA, KHPA identified four key changes required:
  - ✓ One uniform definition of TCM
  - ✓ One standard unit of measure
  - ✓ Uniform methodology for rate calculation
  - ✓ Freedom of choice for consumers
- Estimated annual cost to state: \$21.6 M





# Process

- KHPA organized a work group consisting of all state agencies providing TCM
- These agencies and stakeholders joined with KHPA to assess and plan for identified changes to the TCM State Plan Service
- Interagency work began in August 2006
- Members included:
  - KS Dept of Health and Environment
  - KS Dept of Social and Rehabilitation Services
    - Community Supports and Services
    - Addiction and Prevention Services
    - Mental Health
  - KS Dept on Aging



# Process

Member agencies were tasked with revising their portion of the state plan for TCM to:

- Reflect the TCM definition contained in the Deficit Reduction Act (DRA)
- Implement a standard 15 minute billing unit of measure
- Participate in a CMS approved rate study, conducted by an actuarial firm, to establish reimbursement rates
- Ensure consumer choice from among all qualified case managers



# Timeline

- Feb 2006 DRA of 2005 passed
- July 2006 Internal Agency discussions
- Aug 2006 Interagency work begins
- Apr 2007 Master agreement with CMS
- Apr 2007 Revised SPA sent to CMS
- May 2007 Legislature funds TCM changes
- July 2007 SPA changes implemented
- Dec 2007 SPA approved by CMS
- Dec 2007 CMS publishes TCM Rule
- Mar 2008 TCM Rule takes effect
- Jul 2008 Moratorium Established



# Moratorium

- Applies to interim final rule (IFR) only
- Deficit Reduction Act (DRA) requirements are unchanged and in effect
- The four components of TCM will not change regardless of the moratorium
- The moratorium ends April 2009



# Remaining Issues

## **If the Interim Final Rule (IFR) is implemented:**

- De-duplication will remain an issue given Kansas' marketplace for TCM services
- Freedom of choice will be a continuing concern for Area Agencies on Aging, traditional coordinator for TCM services for HCBS/frail elderly waiver – **freedom of choice is not negotiable with CMS**
- Provision of TCM for people leaving institutions

## **If the IFR is not implemented:**

- Uncertain potential to restore some flexibility



# Lessons Learned

- Revisions to any portion of the State plan may result in larger, unsolicited changes to the State plan
  - \*until the new administration's approach is known – extreme caution would be advised regarding any major revisions
- Early and frequent collaboration with CMS proved helpful
- An experienced staff and the threat of financial distress drove change across agencies and stakeholders

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